ABSTRACT

METHOD OF EXCHANGING SECURITIES

A method of conducting transactions in securities provides an economic benefit to the issuing entity whenever a security issued by the entity is involved in a transaction. For example, an entity issuing stock may receive a royalty whenever the stock is traded between third parties on a stock exchange. A computer system or computer program running on a computer system forming a computerized exchange may be provided to enable transactions in securities and to calculate royalties payable to the issuing entity for transactions involving securities issued by that entity. The royalty may take the form of any measure of economic benefit to the issuing entity or of economic detriment to one of the other parties or intermediaries involved in the transaction. For example, the value may include a percentage of the seller's profit, a percentage of the value of the securities involved in the transaction, a percentage of the number of securities involved in the transaction, a portion of the security itself, a right to buy other securities, a straight fee, a commission, a portion of a spread between the sales price and bid price, a portion of a fee due to the exchange on which the transaction took place, a portion of a fee due to any intermediary, or any other measure of value. Royalties may due to the entity for every transaction, every predetermined number of transactions, various sets or subsets of transactions, randomly selected transactions, transactions involving only particular securities or for any other subset of transactions.